

## Message Text

CONFIDENTIAL

PAGE 01 JAKART 06701 310936Z

21

ACTION PM-07

INFO OCT-01 EA-11 ISO-00 TRSE-00 CIAE-00 DODE-00 H-03

INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 OMB-01 AID-20 IGA-02 NSCE-00 SSO-00 USIE-00

INRE-00 COME-00 EB-11 DRC-01 /106 W

----- 099392

O R 310835Z MAY 74

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC IMMEDIATE 2595

INFO CINCPAC HONOLULU HI

DOD WASHDC

C O N F I D E N T I A L JAKARTA 6701

CINCPAC FOR POLAD

EO 11652: GDS

TAGS: MASS,PBOR,ID

SUBJECT: MAP/FMS FOR INDONESIA

REF : STATE 113687

1. I CALLED ON LT.GEN. HASNAN HABIB (SENIOR INDONESIAN PLANNING OFFICER UNDER DEFENSE MINISTER) MAY 31 AND INFORMED HIM OF CONTENTS REFTTEL, LEAVING WITH HIM "PIECE OF PAPER" COVERING SAME GROUND.

2. AFTER CAREFUL DISCUSSION OF TWO MAP FMS OPTIONS BEING OFFERED INDONESIA, HASNANA HABIB STATED GOI WOULD ACCEPT \$2.5 MILLION AT COST OF CREDIT TO USG WITH 8 YEAR TERM, EXPLAINING THAT IN MAKING THIS DECISION HE WAS OPERATING UNDER GUIDELINES "ESTABLISHED BY PRESIDENT SUHARTO HIMSELF." HASNAN HABIB ADDED THAT SUHARTO WISHED TO USE FOREIGN CREDITS FOR MILITARY PURCHASES BUT HAD INSTRUCTED THAT INTEREST RATES SHOULD BE LOWEST POSSIBLE AND THAT HE (HASNAN HABIB) WOULD NOT  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 JAKART 06701 310936Z

"DARE" SUGGEST A LOAN WITH 11-12 PCT RATE (WHICH WE

ASSUMED TO BE CURRENT COMMERCIAL RATE). HE FURTHER STATED HE WOULD CONTACT BAPPENAS (STATE PLANNING AGENCY) AND FINANCE DEPARTMENT TO WORK OUT MODALITIES OF LOAN FROM INDONESIAN SIDE.

3. HASNAN HABIB EXPRESSED PLEASURE OVER OFFER OF THREE C-130BS WITH FIRST IN FY 74. HE SAID INDONESIA WOULD DOUBTLESS USE \$2.5 MILLION FMS CREDIT TO APPLY ON PURCHASE OF FIRST C-130B, ASSUMING PLANE OFFERED IN SUFFICIENTLY GOOD CONDITION. HE ASKED WHETHER, IF C-130B NOT IN ACCEPTABLE CONDITION, INDONESIA COULD USE CREDIT FOR OTHER PRIORITY ITEMS. WE SAID WE ASSUMED IMMEDIATE NEED WAS FOR DECISION ON TYPE OF CREDIT AND THAT THEY COULD MAKE DECISION ON ITEMS WHEN INFO ON PLANES RECEIVED. I DREW ON PARA 3 REFTEL IN REPLYING TO HASNAN HABIB'S EXPRESSION OF HOPE THAT INDONESIA WOULD RECEIVE ADDITIONAL FMS CREDIT IN COMING YEARS.

4. COMMENT AND ACTION REQUESTED: GREATLY APPRECIATE OFFER OF FMS IN FY 74 AND THREE C-130BS OVER NEXT SEVERAL YEARS -- AS SUPPLEMENT TO MAP PROGRAM. THESE ARE IMPORTANT FIRST STEPS IN STARTING SMOOTH TRANSITION FROM GRANT MAP TO CREDIT AND, EVENTUALLY, COMMERCIAL MILITARY TRANSACTIONS. REQUEST SOONEST INFORMATION ON C-130B TO BE OFFERED INDONESIANS IN FY 74, INCLUDING PRICE, CONDITION AND TERMS OF DELIVERY. WE WILL KEEP IN CLOSE TOUCH WITH HASNAN HABIB'S OFFICE TO INSURE GOI IS ADMINISTRATIVELY PREPARED TO SIGN FMS CREDIT AGREEMENT PRIOR END OF FY 74.  
NEWSOM

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FUND ALLOTMENT, CREDIT, AIRCRAFT, MILITARY ASSISTANCE PROGRAMS, INTEREST RATES, LOANS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 31 MAY 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ShawDG  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974JAKART06701  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D740137-0748  
**From:** JAKARTA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t1974054/aaaaacwi.tel  
**Line Count:** 91  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION PM  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** STATE 113687  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ShawDG  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 24 JUL 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <24 JUL 2002 by shawdg>; APPROVED <25 MAR 2003 by ShawDG>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MAP/FMS FOR INDONESIA  
**TAGS:** MASS, PBOR, ID, US  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005